Chapter 5

RAIL ISSUES, NEEDS AND RECOMMENDATIONS

Idaho Rail Issues

The composition of the Idaho rail system has changed since the state first became involved in rail planning in the late 1970s and so have the issues surrounding it. Following is a discussion of current Idaho rail issues that are of concern.

1. Future of the *Pioneer* - First is the possible loss of passenger service now provided by Amtrak's *Pioneer*. This issue was discussed in detail earlier in the document.

2. Flood Damage - The recent devastating floods caused tremendous damage to some rail lines in the state which may not be repaired and reopened without some form of public assistance.

3. Short Line Railroads - Branch lines of Class 1 carriers are being spun off to short line operators which has changed the composition of the state's rail system. These carriers are capable of providing better local service than the former Class 1 owners and also of increasing local business, but they need assistance in bringing some lines up to physical standards to provide adequate service.

4. Railroad Mergers - Both of the major railroads serving Idaho have or are in the process of merging with other major railroads. It is unclear what this will mean to Idaho rail shippers in terms of long-range competition and freight rates and service.

5. Car Shortages - From time to time, railroad customers experience car shortages. Sometimes they are related to specific car types and sometimes they are related to circumstances such as bumper crop years. Others appear to be chronic involving particular rail lines or traffic movements. In addition, the large railroads are encouraging as many shippers as possible to provide their own equipment (and making rate adjustments) and taking other steps to reduce the need for use of capital funds for equipment.

Past studies conducted by ITD have revealed several chronic shortage situations in Idaho. One is in the Palouse where covered hoppers to move grain are typically in short supply. The Washington State Department of Transportation (WSDOT) found that large carriers assign cars to long-haul markets where they earn higher rates rather than to short-haul movements such as export grain from the Palouse. The WSDOT also estimated that the equivalent of over 1,000 carloads of grain annually were forced to alternate modes because of the shortage of covered hoppers.

In 1993, the Washington State Transportation Commission approved the purchase of 29 grain cars ($730,000) for use on the Blue Mountain Railroad in the Palouse and Walla Walla County, Washington. As grain storage has increased over time, shipments have tended to become more spread out and not occur just at harvest. Thus, several of the larger grower associations were willing to agree to use the cars throughout the year and balance the car's usage. The cars earn revenue from car-hire paid by the railroads and demurrage paid by the shippers. The revenues are earmarked for maintenance, repairs, taxes and other costs of ownership.

The same problem with grain cars has been experienced in Eastern Idaho and also problems obtaining refrigerated cars of the shipment of potatoes. The same type of program as implemented in Washington State could prove to be a benefit to Idaho shippers also.

6. Grade Crossings - Rail-highway at-grade crossings are a major safety issue and the FRA has a goal to close 25 percent of the existing crossings nationwide. In addition, Idaho's grade crossing accident history is above the national average based on accidents per million of motor vehicles registered. But Idaho's accident history per crossing is slightly lower than the national average.

7. Rail Transportation of Spent Nuclear Fuel - The movement of nuclear waste by rail is a major concern particularly for those residing close to the destination and along the routes of transport. Since 1956, spent nuclear fuel (SNF) has been removed from U.S. Navy nuclear-powered ships and prototypes and transported to the Idaho National Engineering Laboratory (INEL) near Idaho Falls. This SNF is primarily shipped by rail. There are twelve locations where shipments originate, three in the western U.S. and the rest in the eastern U.S.

Between 1956 and 1994, there were 596 shipments of SNF shipped to the INEL[1]. A shipment is defined as the transporting of a single shipping container of SNF. The shipping containers for SNF are in three configurations and weigh approximately 214,500 pounds to approximately 375,000 pounds in the loaded condition. Multiple shipments can move on one train.

In 1995, Idaho's Governor Philip E. Batt and Attorney General Alan Lance entered into a Settlement Agreement with the Department of Energy and the U.S. Navy that, among other things, determines the number of SNF shipments to the INEL through the year 2035. Under the agreement, the Navy could ship no more than 24 shipments to the INEL from the date of the agreement through the end of 1995; no more than 36 shipments in 1996; and no more than 20 shipments per year in 1997 through 2000. From 2001 through 2035, the Navy may ship a running average of no more than 20 shipments per year. The total shipments of Naval SNF to the INEL shall not exceed 575 and shall not exceed 55 metric tons of spent fuel.

In 1995, there were 35 shipments of SNF to the INEL, 9 from the western U.S. and 26 from the eastern U.S. To date in 1996, there have been 20 shipments, 11 from the western U.S. and 9 from the eastern U.S.

There has been a continuing concern in Idaho (for many years) about the shipments of SNF and other nuclear waste. The Snake River Alliance, an Idaho based environmental group, has filed a suit to prohibit further shipments into the state.

The State of Idaho INEL Oversight Program monitors the shipments and storage of nuclear waste on behalf of the State of Idaho. The Oversight Program is currently conducting a study to determine the specific rail routes the SNF shipments are carried over and the population possibly affected within a certain number of miles from the routes, in case of an accident.

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[1] Department of Energy Programmatic Spent Nuclear Fuel Management and Idaho National Engineering Laboratory Environmental Restoration and Waste Management Programs Final Environmental Impact Statement, U. S. Department of Energy, Office of Environmental Management, Idaho Operations Office, April 1995.

8. Rail Project Funding - One of the most critical issues is funding. With the loss of LRFA and threatened cut-backs in all federal programs, the state will have to consider funding the monies to address many of the issues and the needs described in the next section. The Idaho rail program has been dependent on federal funding derived from the Local Rail Service Assistance Program (LRSA) and its successors.

   LRSA -The LRSA program was born of the Regional Rail Reorganization Act (3-R Act) of 1973. It was designed originally to provide temporary financial support (two years) for rail service continuation on those lines which were not included in the Conrail system. The intent was to provide rail users time to adjust to the loss of rail service and/or to find alternate transportation The program was broadened in enactment of the Railroad Reorganization and Rehabilitation Act (4-R Act) of 1976 and made applicable to the whole country.

   The program was revised and expanded again in 1978 by making all lines transporting less than 3 million gross ton-miles per mile per year eligible for assistance. The purpose of adding the so-called "pre-abandonment" lines to the program was to prevent abandonments by assisting lines through acquisition or rehabilitation funding to become viable operations. The Omnibus Budget Reconciliation Act of 1981 contracted the program by prohibiting the use of funding for operating subsidies.

   LRFA - In 1990, Section 5(g) of the Department of Transportation Act was amended by the Local Rail Service Reauthorization Act and the name of the program was changed to Local Rail Freight Assistance (LRFA). The criteria for lines eligible to receive assistance was also revised. The new criteria are stated elsewhere in this document.

   The rail freight program first became operational in 1976 with an appropriation of almost $54 million. Annual appropriations rose to a high of $80 million for 1980 and 1981 and then started the decline which reached the $10 million per year order of magnitude evident in recent years before the current federal budget problems and apparent lack of reauthorization.

   ISTEA - Rail planners and others concerned with rail service continuation were hopeful that the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) would provide a source of funding for freight projects in general and rail projects in particular. This was

not the case although some projects were funded through Metropolitan Planning Organizations (MPOs), but more typically, freight projects proved to be a hard sale. There is hope for ISTEA II and a number of proposals are being formulated for consideration.

CMAQ - Funding for a few rail projects nationwide has taken place through The Congestion Mitigation Air Quality (CMAQ) program in ISTEA. These projects were made possible because of the relative fuel efficiency, and thus pollutant generation, of rail transportation as opposed to other land transportation modes. Use of the funds is limited, however, based on the air quality in the project area and most of Idaho is not eligible for these funds.

State Programs - By 1988, 27 of the 49 states with railroads had their own state-funded programs for the provision of rail assistance. Funding sources vary by state. Some states are prohibited from providing assistance to private enterprise which is one characteristic of the rail system that is not usually encountered when dealing with the other modes. While trucks, planes and waterway vessels are owned and operated by private entities, they are not operated over private rights-of-way as are the railroads. Although Idaho participates in infrastructure improvement for the other modes, it does not have funding available for railroads unless it is directly associated with a project for one of the other modes. As stated elsewhere in this document, unless Idaho develops a means of funding rail projects, it will not be able to respond when public action is required to maintain service over an essential component of the state's rail system.

Rail Needs

A significant amount of Idaho rail mileage has been spun off to short line operators in the last two years. This mileage has consisted of branch lines with low levels of traffic that were not the best financial performers, and in the past might well have become abandonment candidates. One of the reasons that abandonment mileage has significantly decreased over that experienced in the late 70s and early 80s has been the practice of the larger railroads to find alternate owners and/or operators for their lighter density lines.

The theory behind the change in operators is based on the new operator being able to perform the necessary tasks at a lesser cost, and with a more focused local interest, develop more business and thus revenue than the large railroad. With reduced costs and additional revenue,

the potential for profitability will increase, hopefully to the point that the operation becomes viable in the long term.

One of the real problems with the theory lies in the condition of the trackage at the time of the transfer of operations. Line maintenance is typically performed in accordance with the anticipated return on the investment, and in the case of light density lines, only the minimum was performed. Thus, alternate operators often take over track with deferred maintenance which in turn prevents institution of operating efficiencies and/or limits the ability to attract new traffic. In addition, it represents a major front-end investment, more often than not, beyond the capability of the new operator.

Providing financial assistance in addressing this type of problem has been the essence of the federal rail program and that of programs developed by individual states. While Idaho does not have a state-funded rail program, all of the federal rail assistance funds the state has received have been devoted to short line track rehabilitation. Two additional rail rehabilitation assistance projects developed in 1994 are discussed in this document. Others exist and were included in the Statewide Transportation Improvement Program (STIP).

District Rail Needs

District 1

Most of the needs in District 1 were addressed by the $6 million rehabilitation of the St. Maries River Railroad. The railroad did, however, suffer some flood damage this year ranging from $30,000 to $50,000. State and shipper attempts to prevent the abandonment of the Wallace Branch from Plummer to Mullan were unsuccessful. There could eventually be some needs on the remainder of the Wallace Branch from Plummer back towards Spokane if it is ever purchased by a short line carrier. The line is in good shape at this time, however.

District 2

Practically all of the rail lines in this District, as discussed previously, are branch or light density lines although for the most part they are still owned and operated by the Class 1 carriers. Many of these lines have been a concern of the Department for some time and a number of studies have been performed as mentioned earlier. One of the lines is the BN branch from Palouse, Washington to Bovill. The line connects with the BN's P&L Subdivision which runs between Spokane, Washington, where it connects with BN's main track, and Moscow.

The branch, also known as the WI&M for the predecessor company, Washington, Idaho and Montana, serves a number of local on-line industries and provides a BN connection for the STMA at Bovill. The other end of the STMA at Plummer connects with the UP. The WI&M is not in the best of shape and is laid with worn light-weight rail which should be replaced, although BN recently relaid some of the curves. The project is an expensive one and along with cross tie replacement, has been estimated to cost $5 million, hard to justify for a line with low traffic levels. It too was damaged in the recent floods and repairs are estimated to cost $160,000. The line is open between Palouse, Washington and Princeton and the BNSF has indicated it may not reopen the rest of the line.

Another project candidate in the District is the BN line between Moscow and Arrow. It connects with the CSP at Arrow and was a critical link in the BN's service to Lewiston in the past. With the reconstruction of the CSP along the Snake River when lower Granite Dam was built, BN traffic off the CSP began moving in another direction to access the main track and the line segment became redundant. The segment has a three percent grade on it which presented some operating problems and the river grade along the Snake was more attractive.

The States of Idaho and Washington were able to obtain an agreement with the BN not to remove the track after the line had been approved for abandonment until the *Palouse Empire Regional Rail Study*, referenced earlier, had been completed. In the process of performing the study, a potential volume wood products movement was discovered that would require the segment. That potential still exists although it has not been developed to date. In addition to resumed use by several on-line shippers, another potential traffic movement of grain to the barge terminals at Lewiston was discovered but interest has waned somewhat with the concern over the drawdown. This movement was of particular interest as the short-haul rail move would take a number of trucks off of local roads with substandard pavements and which suffer from freeze-thaw conditions and the 6 - 7% grade down to Lewiston. The Port of Lewiston has also seen potential in the line to further develop its intermodal business. The funds estimated for the project are for its costs to reopen the line and rehabilitation. However, this line segment was the most severely damaged in the flood virtually washing out large segments north of Arrow and between Kendrick and Troy. The estimated $2.5 million in reconstruction costs eliminate this line from practical consideration.

District 3

Most of the UP branch lines in the District are now operated by the INPR. An analysis of the rehabilitation needs of one of its lines, Payette to Emmett, is contained in this document. Its line from Weiser to Rubicon was abandoned in 1995. The remainder of the railroad (Emmett to Cascade) also has needs and an estimated $3 million is needed for infrastructure improvement for the entire railroad.

District 4

The EIRR operates three interconnected light density lines totaling 153 miles in length that lie south of the UP main track and serve Rupert, Burley and Twin Falls among others. The Oakley Branch, 11.5 miles long needs work similar to its Menan Branch which is discussed elsewhere. The estimated cost is $1.4 million.

District 5

All the branch lines in District 5 are currently operated by the Union Pacific. It has been the experience of ITD that the Union Pacific is not interested in public assistance, preferring to fix lines on their own if the investment will pay off. An alternate solution could be to spin off or abandon the line. Should any of these lines be sold to another carrier, an assessment of needs could then be undertaken.

District 6

The EIRR also operates several interconnected light density lines that lie northeast of Idaho Falls totaling 115 miles in length. The line segment between Ucon and Menan is the subject of an analysis contained elsewhere in this document for which federal funds have been approved to assist in rehabilitation. The funding approved, however, only address 20% of the needs and 80% are still remaining. In addition, another $1.5 million are needed on the lines between Idaho Falls and Newdale, and between St. Anthony and Ashton.

Recommendations for Future Rail Planning and Project Development

Rail planning is an important component of the state's overall transportation planning process. Based on the economic importance of the state's 1,940 mile rail system, it is desirable to involve industry and the railroads in developing plans and partnerships that will strengthen Idaho's transportation system.

Based on ITD's experience with the rail program for 18 years, it has reached conclusions regarding public involvement in what is principally a private-sector business. Idaho's Rail Program to date has been supported mainly by funds derived from federal programs. As mentioned previously, the principal federal program -- Local Rail Freight Assistance Program (LRFA), formerly Local Rail Service Assistance -- has long been a target of federal cost cutting and now only receives token funding (no 1996 funds were available at the time this document was printed). Unless some action is taken in Idaho, there will be very limited or no means of providing financial assistance to maintain essential rail service where such service is endangered. Forty eight percent of the state's 1,940-mile rail system are classified as light density lines based on the FRA's 5 MGTM/M criterion. Approximately two-thirds of these light density lines are on shortlines.

Line abandonments can affect public and private sector interests through economic development and local employment impacts, higher shipping fees, and increased highway costs where roadways are inadequate to handle increased numbers of trucks or truck weights. Likely candidates for abandonment can be detected early and, with public and private cooperation, retention of rail service on some of these lines is possible. Where service retention is not possible, the state and local communities may also wish to preserve abandoned rail rights-of-way for future rail or other transportation use. The following recommendations provide an outline for state and local efforts to address the impacts of line abandonments and to initiate rail service and corridor preservation efforts, where appropriate:

1. That the Idaho Transportation Department, as part of a continuous rail planning process, monitor Idaho's rail system and its use for the purpose of meeting the goals and objectives set forth in this document; initiate implementation of the rail plan by identifying strategies, policies, and actions to carry out the goals and objectives; and determine statewide track conditions and evaluate freight car supply, rail and roadway access to intermodal facilities and rail trackage at the facility and other rail capital needs.

2. That the Department, along with the Idaho Railroad Advisory Council and other interested parties, further explore and define the state's role in rail transportation and the means of fulfilling that role, including funding.

3. That the Department act as the facilitator to bring all parties - the state, local government, the railroads, and the rail users - together to accomplish common goals, and that the Idaho Railroad Advisory Council initiate action to expand membership on the council to include representatives from railroads and railroad shippers.

4. That the Department involve sub-state District and local governments in identifying and participating in rail issues of local and regional concern.

5. That consideration be given to creative financing at the state and local levels to best serve the state's future rail needs.

6. That the Department work with Amtrak and communities in marketing and promoting ridership at the local level, and with Idaho's congressional delegation at the national level to retain rail passenger service in Idaho.

7. That the Department continue to monitor the status of the state's light density line system through its rail program, and seek alternatives to abandonment prior to Surface Transportation Board (formerly the Interstate Commerce Commission) proceedings, and assist the Idaho Public Utilities Commission when abandonments are being considered.